



Retiree Election Update

Thank you for your participation in the retiree member election! Votes are currently being counted and the new retiree representative on the Pension Board will be announced in the September *Communicator*. The winner will serve on the Pension Board for the term starting November 1, 2016 and ending October 31, 2019.

NEW FIDUCIARY STANDARD FOR FINANCIAL ADVISERS

By Vivian Aikin

In a recent *New York Times* opinion piece entitled "Isn't Honesty the Best Policy", U. S. Rep. Tammy Duckworth of Illinois shared the story of Russell Kazda, a retired mechanic, and his wife, Christine, a fourth-grade teacher. Mr. Kazda suffered an injury in 2015 and had to retire early after a 30-year career; Mrs. Kazda still teaches. They saved for retirement throughout their working lives and retained financial advisers to assist them, making it clear that they wanted to invest conservatively. Due to Mr. Kazda's early retirement, they had to dip into their savings sooner than expected. It was then they discovered that their advisers recommended not a conservative investment but an illiquid real estate investment trust and an options strategy that both paid close to a 10% commission. The Kazdas ended up losing about \$125,000 of a \$172,000 investment. Their mistake? Trusting that their advisers were acting in the client's best interests. The Kazdas have filed a legal action against their financial advisers for aggressively selling them inappropriate investment products to gain commissions.

Under a new rule unveiled by the U.S. Department of Labor in April, financial advisers, brokers or any individual paid to provide investment advice on a retirement account must act solely in the client's best interests (the definition of "fiduciary"). This is a sweeping change that creates a higher standard than the existing regulations. Acting in the client's best interest may seem obvious, but it has not been required. Currently the only requirement is

IN THIS EDITION:

Retiree Election Update , Page 1

New Fiduciary Standard For Financial Advisers, Page 1

Retirement Self Service Notice Page 2

From the Benefits Department, Page 3

New Retirees, Page 3

Pension Fund Market Value, Page 4

Member Deaths, Page 4

Start by doing what's necessary; then do what's possible; and suddenly you are doing the impossible.

– St. Francis of Assisi

Retirement Plan Services Communicator

August 2016

No. 8

that advisers recommend investments that are “suitable” even if it may not be the client’s best option.

This definition has allowed advisers to steer clients into high-priced strategies and products even when comparable but cheaper ones are available. The new standard applies to all financial products that can potentially land inside a tax-advantaged retirement account, including IRAs, mutual funds and variable annuities.

Advocates for the new rule believe the change will lower investment fees for retirement savers and make it possible for them to keep a bigger share of their returns. The rule is also meant to improve disclosures and reduce conflicts of interest. The White House Council of Economic Advisers estimates conflicted investment advice costs savers \$17 billion in excessive fees and inflated commissions annually. While the new rule does not ban commissions, brokers will have to explain why they are recommending a particular product when a less expensive option is available.

Financial firms and advisers will be required to acknowledge their fiduciary status and make basic disclosures of conflicts of interest by April 2017. They will have until January 1, 2018 to fully comply with all rule provisions.

As you might expect, the financial industry is not willing to give up their lucrative practices without a fight. Two federal lawsuits have already been filed against the new rules by industry groups, including the U.S. Chamber of Commerce. One of the lawsuits, filed in the industry-friendly U.S. District Court for the Northern District of Texas, alleges that the fiduciary rule creates “unwarranted burdens” for financial advisers. While these lawsuits may not prevail on merit, they could delay implementation of the new protections for savers. As Rep. Duckworth wrote in her op-ed, “If the fiduciary standard is good enough for medical care, legal advice and accounting, it is good enough for financial retirement advice.”

To learn more about the new standards for retirement advice, visit the U.S. Department of Labor website at www.dol.gov/ebsa/regs/conflictsofinterest.html.

The Retirement Member Self Service website (MSS) has been upgraded to be compatible with Internet Explorer 11!

MSS can be used by retirees to update contact information, tax withholding, and direct deposit information. It can be accessed by navigating to the Milwaukee County Retirement Plan Services website and selecting the member self service link.

Please contact Retirement Plan Services with questions on MSS at 414-278-4207.

Retirement Plan Services Communicator

August 2016

No. 8

From the Benefits Department

Flu Shots 2016

Milwaukee County will be offering free flu shots to all Milwaukee County retirees and covered adult dependents over the age of 18 the weeks of **October 3, 2016 and October 10, 2016**. A complete schedule of dates, times and locations will be provided in next month's Communicator

Medicare Premium Reimbursement Reminder

Employees hired before 1/1/1994 who retire with at least 15 years of Milwaukee County pension service credit are **generally** eligible for County-paid health insurance and reimbursement for the cost of Medicare Part B premiums. (This provision may vary for former bargaining unit employees and non-represented employees who retired after March 31, 2011) If you are eligible for Part B premium reimbursement and/or you are required to pay anything other than the standard Medicare Part B premium, it is your responsibility to notify the Division of Employee Benefits. Premiums will be reimbursed directly on your pension check **starting the month after** the Division of Employee Benefits is notified in writing.

Congratulations to Our Newest Retirees!

July

Sadie Adams
Lillian Alford
Paul Bargren
Daniel Barlich
Clarissa Beste
Patricia Brennan
Debra Fenceroy
Sandra Fliss
Regina Fondren
Archie Friends

Teresa Geraghty
Timothy Hammond
Kenneth Hill
Susan Kontowski
Janet La Porte
Richard L'Amie
Frank Lisser
Lorraine Luster
Shelley Maglio
Bobby Martin
Beatrice Maxwell-Henry

Jocelyn Mayfield
Andre Miller
Janine Nolde
Kathy Ratz
Herman Resto
Jeffrey Riedel
Jean Smith
Diane Smolarek
James Tate
Ruth Winter

Retirement Plan Services Communicator

August 2016

No. 8

In Memoriam

Please keep the families of these recently deceased retirees in your thoughts:

Lilleth Bennett	Sharon Kroening
Thomas Borgwardt	Phillip Magestro
Mary Budish	Raymond Majeske
Beverly Ebert	Evelyn Meyer
Donald Gartzke	Findley Orr
Harry Halloway	Gerty Purifoy
Irving Heipel	Thomas Rainer
Donald Janusz	James Tominsek

Market Value of Pension Fund Period Ending June 30, 2016

Total Fund Composite	\$1,651,617,385
Fixed Income Composite	\$278,128,357
US Equity Composite	\$411,287,963
International Equity Composite	\$308,649,275
Hedged Equity Composite	\$177,159,086
Real Estate Composite	\$169,595,769
Infrastructure Composite	\$151,512,854
Private Equity Composite	\$112,783,667
Total Cash Equivalents	\$42,500,414

2016 Check Disbursement Schedule

Friday, September 30
Monday, October 31
Wednesday, November 30
Friday, December 30

CONTACT INFORMATION

Retirement Services

In the Milwaukee area:

414-278-4207

Toll Free:

877-652-6377

Email: ers@milwaukeecountywi.gov

Life & Health Benefits

Phone: **414-278-4198**

Email: benefits@milwaukeecountywi.gov